

The background of the slide features a large, faint, circular seal of the State of Indiana. The seal contains the text "SEAL OF THE STATE OF INDIANA" around the top and "1816" at the bottom. In the center of the seal is a landscape with a plowman, a sheaf of wheat, and a figure holding a torch.

2025-2027

Staff Budget Recommendation

Chris Lowery, Commissioner

Seth Hinshaw, Senior Associate Commissioner & CFO

November 6, 2024

2025-2027 STAFF BUDGET RECOMMENDATION

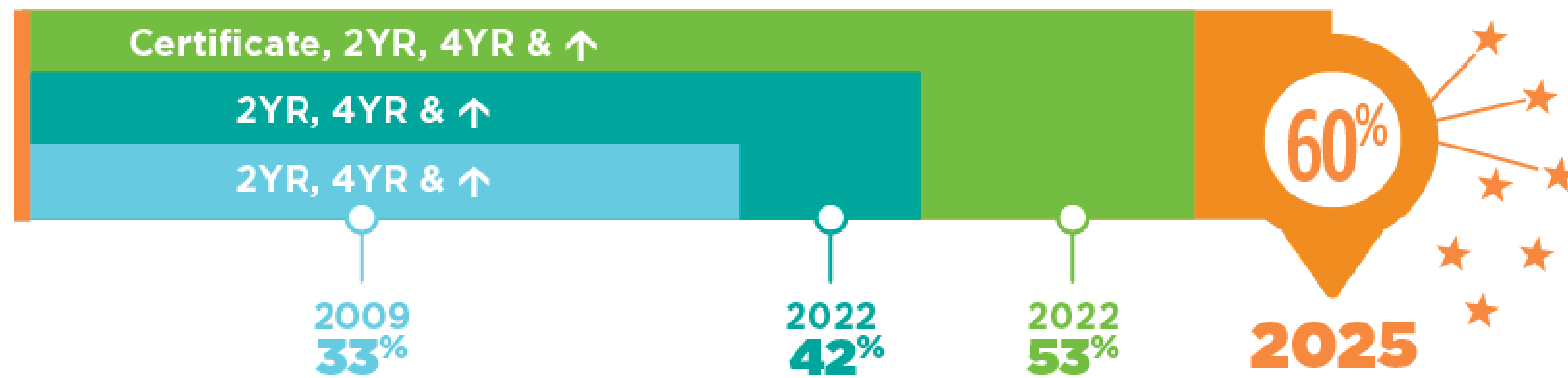
CURRENT LANDSCAPE



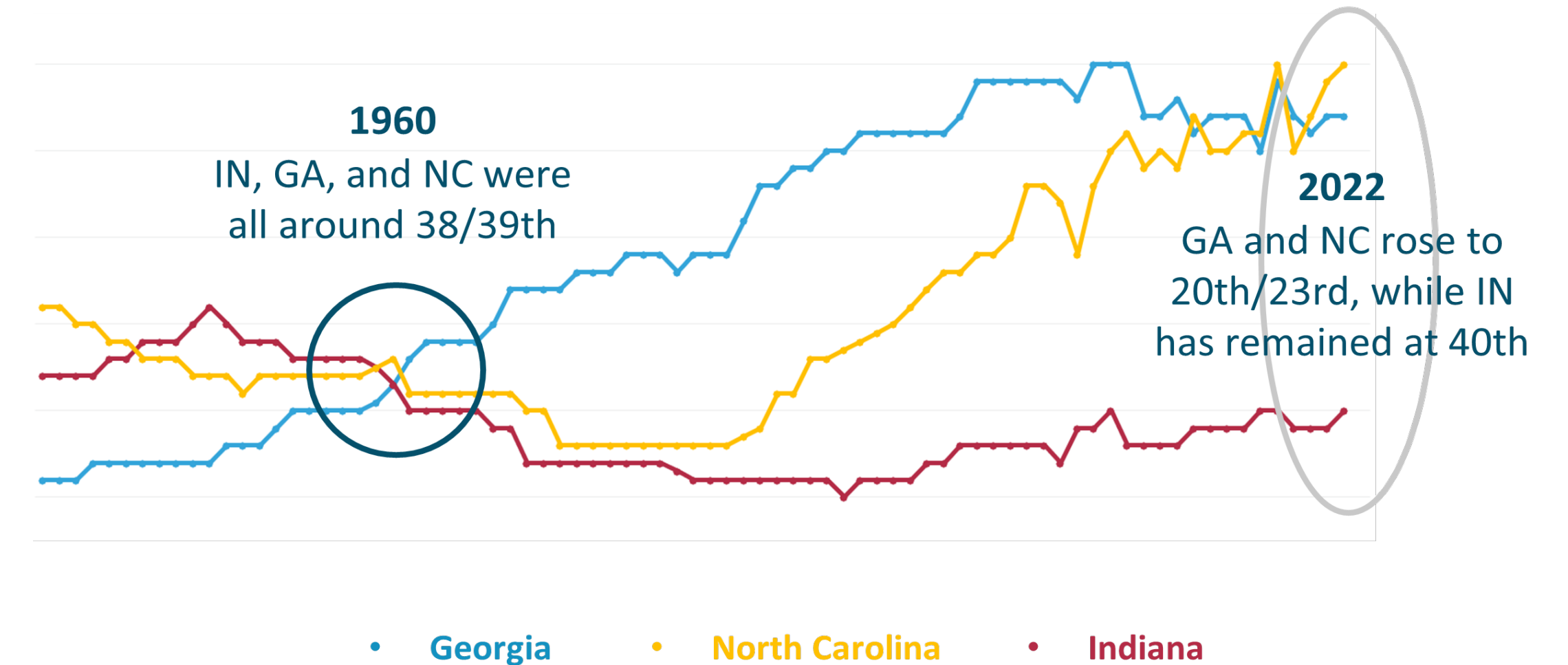
INDIANA COMMISSION *for*
HIGHER EDUCATION

INDIANA'S BIG GOAL

60% OF HOOSIERS WILL HAVE A DEGREE OR CREDENTIAL BEYOND HIGH SCHOOL BY 2025



Bachelor's Degree or Higher Attainment Ranking



In 1960, Indiana ranked **39th** in bachelor's degree attainment, and our most recent data from 2022 shows Indiana is **40th** in bachelor's degree attainment.

FUNDING PICTURE

- ▶ Ranked **6th in the nation** for holding down tuition for the last decade (4 year)
- ▶ Ranked **43rd in the nation** for state support per FTE
 - ▶ Students pay the 5th highest share of educational costs in the nation
- ▶ New state revenue is expected to be modest
 - ▶ Each 1% of state revenue = \$210.6M
 - ▶ 2% new state revenue = \$421.2M
 - ▶ 3% new state revenue = \$631.8M

BUDGET PRIORITIES

1. Operating Funding

- ▶ Holding down costs for students

2. Formulaic Line Items

- ▶ Maintain policy commitments and priorities (dual credit & R&R)

3. Capital

- ▶ Focus on deferred maintenance and renovation of existing facilities

4. R&R Enhancement

- ▶ Grow state commitment to maintaining what we have

2025-2027 STAFF BUDGET RECOMMENDATION

COMMISSION BUDGET

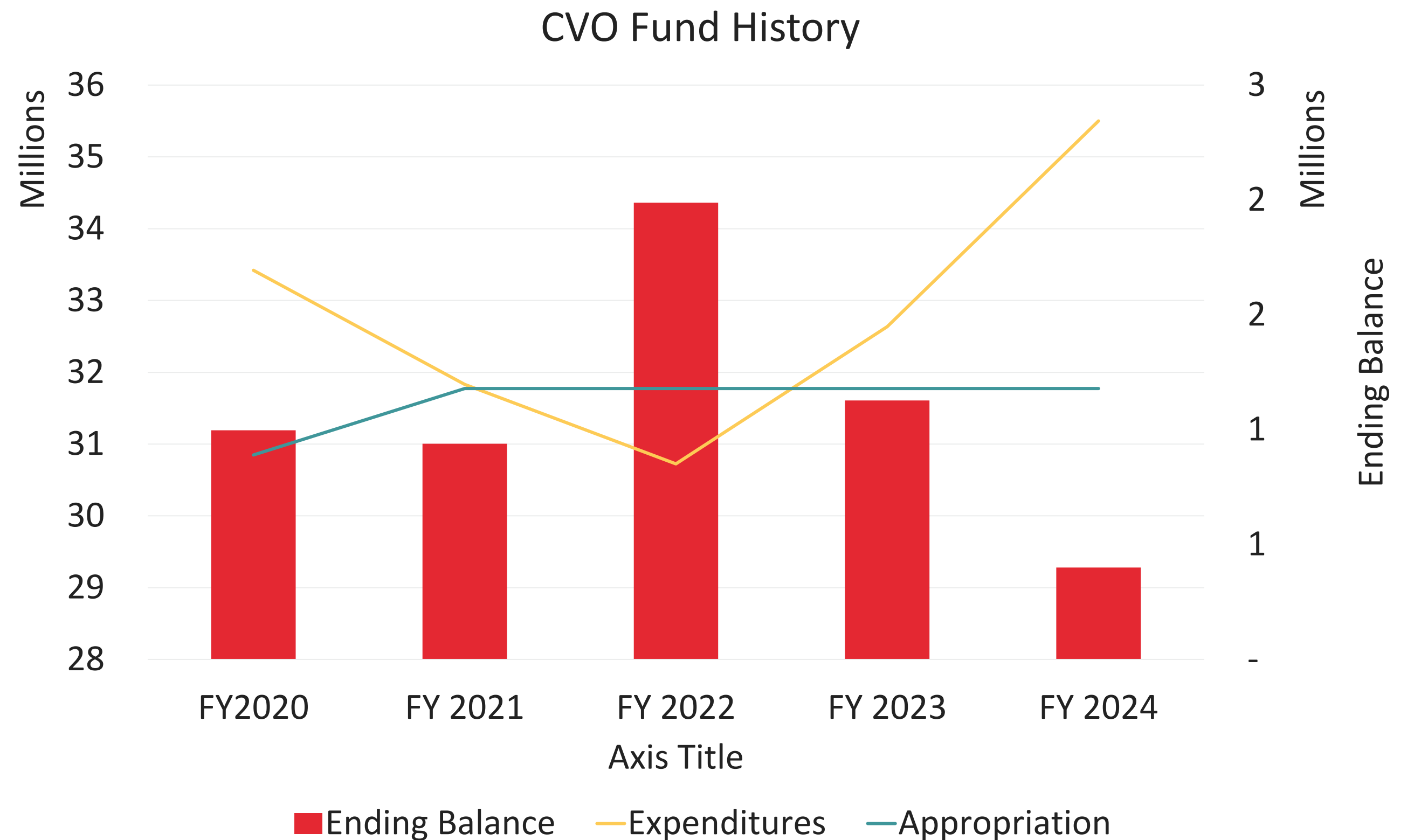


INDIANA COMMISSION *for*
HIGHER EDUCATION

FINANCIAL AID

▶ Children of Deceased or Disabled Veterans and Public Safety Officers (CVO)

- ▶ Increasing demand driving spend
- ▶ FY24: **\$3.7M** over budget
- ▶ FY25: **\$4.2M** increase
- ▶ FY26 & FY27: **\$4.2M** increase



OPERATIONS

- ▶ IT Contract
 - ▶ New long-term software vendor
 - ▶ ScholarTrack, CHEDSS, etc....
 - ▶ FY26 & FY27: **\$500K** increase
- ▶ 27th Pay & Benefits
 - ▶ FY26: **\$55K** increase
 - ▶ FY27: **\$278K** increase

2025-2027 STAFF BUDGET RECOMMENDATION

UNIVERSITY BUDGETS



INDIANA COMMISSION *for*
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#1. OPERATIONS

- ▶ Base Adjustment: 1% & 2%
 - ▶ FY26: \$13.6M
 - ▶ FY27: \$27.2M
- ▶ Performance Funding: 2% & 3%
 - ▶ FY26: \$27.3M
 - ▶ FY27: \$40.9M
- ▶ Excluded Entities: 3% & 5%
 - ▶ FY26: \$4.6M
 - ▶ FY27: \$7.6M
- ▶ Total Operating Increase: 3% & 5%
 - ▶ FY26: \$45.5M
 - ▶ FY27: \$75.8M



#1. OPERATIONS

- ▶ 2023-2025 Biennium
 - ▶ CHE Recommendation: 6% & 8%
 - ▶ Final Budget Bill: 4% & 6%
- ▶ 2025-2027 Biennium
 - ▶ CHE Recommendation: 3% & 5%

#2. LINE ITEMS - FORMULAS

- ▶ Dual Credit: @ \$50/credit hour
 - ▶ \$6.4M increase
 - ▶ 24% increase in credit hours taken from FY21 to FY23
 - ▶ Largely driven by Ivy Tech (\$5.2M, or 30.5%)
- ▶ R&R: @ 0.05% over biennium
 - ▶ \$5.7M, or 12% increase
 - ▶ 10.6% average increase
 - ▶ Largely driven by inflationary cost increase

LINE ITEMS - OTHER

- ▶ New requests total \$13M/year
- ▶ Increases for existing requests total \$11.6M (FY26) & \$10.1M (FY27)
- ▶ Recommendation:
 - ▶ Consolidate various operating-adjacent line items based on SEI feedback
 - ▶ 8 requested (Entrepreneurial College, Degree Link, Nursing Program, Testing Centers, Rural Education Initiative, and Early College Bridge, Purdue Polytechnic, TAP-IN-MaC)
 - ▶ \$16.6M in total
 - ▶ No support or opposition to line-item requests

#3. CAPITAL

- ▶ #1 priority requests total: \$464M (\$39.6M - fee replacement)
- ▶ #2 priority requests total: \$298M (\$25.5M - fee replacement)
- ▶ All requests total: \$1.02B (\$87.3M - fee replacement)
- ▶ Fee replacement appropriations
 - ▶ FY21: \$189.9M
 - ▶ FY25: \$149M (\$41M)
 - ▶ FY26: \$145.8M (\$3.3M) (\$44.1M)
 - ▶ FY27: \$138.3M (\$10.8M) (\$51.6M)

#3. CAPITAL CONT'D

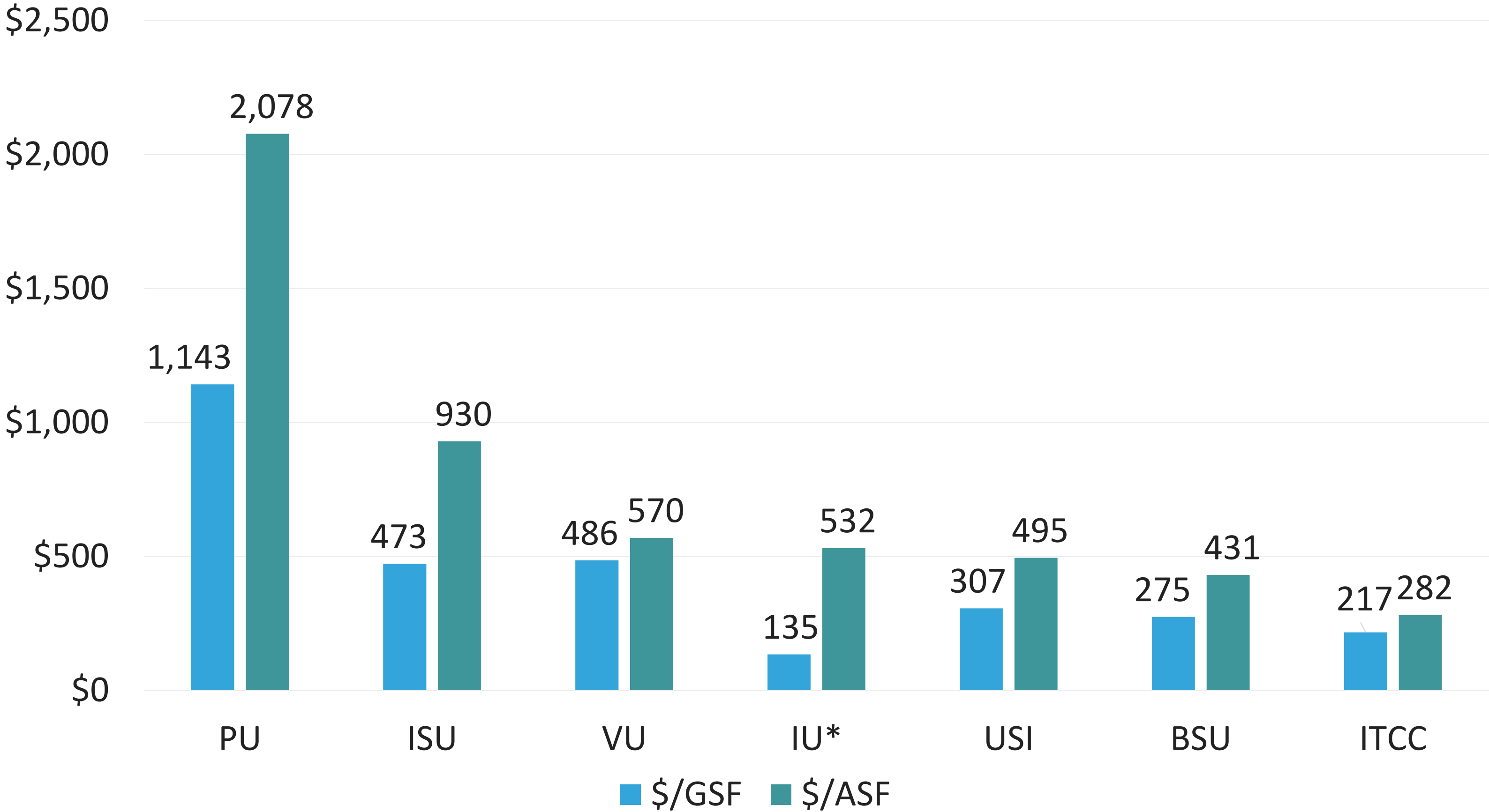
- ▶ Average #1 Priority = \$66.2M
 - ▶ Similar average cost to 2023 requests (\$65.6M)
 - ▶ Significant increase from 2019 & 2021 requests (\$48.7M & \$43.6M)
- ▶ New Buildings:
 - ▶ PU Interdisciplinary Life Sciences Research Building: 140,000 GSF
 - ▶ ITCC Terre Haute Campus Restructure: 148,599 GSF (160K GSF demolition)
 - ▶ VU Automotive & Welding Technology Training Center: 25,000 GSF (addition + 41K GSF remodel)

#3. CAPITAL CONT'D

- ▶ Renovations:
 - ▶ USI Academic Renovation Phase II: 4 buildings
 - ▶ BSU Bracken Learning Commons: 1 building
 - ▶ ISU Holmstedt Hall: 1 building
 - ▶ IU Biology Building and Central Heating Plant: 2 buildings

#3. CAPITAL CONT'D

Cost Per Ft²



#3. CAPITAL CONTINUITY

- ▶ Previously Requested:
 - ▶ 8 of 19 projects were requested in 2023
 - ▶ BSU: #2
 - ▶ IU: #1 & #3
 - ▶ ITCC: #1, #2, & #3
 - ▶ VU: #1 & #3
 - ▶ Cost has changed in all cases, scope has changed for a few

#3. CAPITAL RECOMMENDATION

- ▶ Fund **#1 capital priority** for each institution
 - ▶ Heavy focus on renovation and maintenance of existing facilities
 - ▶ Purdue's request includes \$70M in philanthropic funding (45%)
 - ▶ Ivy Tech reduces square footage by 12K
 - ▶ Significant utility cost savings by replacing outdated electrical, mechanical, HVAC

#3. CAPITAL RECOMMENDATION

SEI	Project Title	Requested State Funds	Fee Replacement
BSU	Bracken Learning Commons	88,420,000	7,553,146
ISU	Holmstedt Hall Renovation	47,000,000	4,014,904
ITCC	Terre Haute Restructure	67,140,311	5,735,360
IU	Biology Building Renovation and Utility Upgrades	96,000,000	8,200,656
PU	Interdisciplinary Life Sciences Research Building	90,000,000	7,688,115
USI	Academic Renovation Phase II	43,000,000	3,673,210
VU	Automotive and Welding Technology Center	32,000,000	2,733,552
		\$ 463,560,311	\$ 39,598,944
			\$ (10,787,662)
			\$ 28,811,282

#4. REPAIR AND REHABILITATION

- ▶ Increase R&R Formula from 0.5% to 1%
 - ▶ \$52.7M increase
 - ▶ Maintain current buildings and infrastructure
 - ▶ Provide funding discretion to campus leadership
 - ▶ Reduce backlog of deferred maintenance

CAPITAL PLANNING

- ▶ Draft capital scoring rubric to release this year
 - ▶ Final rubric provided to SEI by June 30, 2025
- ▶ Rubric will establish forced ranking system
 - ▶ Each capital request will stand on its own, allowing for SEI agnostic ranking
 - ▶ Capital will be reviewed by committee
 - ▶ Commission recommendation will contain every capital project submitted for consideration based on final score
- ▶ Raise CHE capital review threshold to \$4M

2025-2027 STAFF BUDGET RECOMMENDATION

HIGHER EDUCATION SUMMARY



INDIANA COMMISSION *for*
HIGHER EDUCATION

COMBINED REQUEST

- ▶ FY26: **\$59.1M** new funding
 - ▶ Operating: \$45.5M
 - ▶ Line Items: \$12.1M
 - ▶ CHE: \$4.8M
 - ▶ Capital: (\$3.3M)

- ▶ FY27: **\$121M** new funding
 - ▶ Operating: \$75.8M
 - ▶ Line Items: \$12.1M
 - ▶ CHE: \$5M
 - ▶ Capital: \$28.8M



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